Software Strategies for Small Businesses: Best Practices for Software Compliance

Small businesses are an integral part of the U.S. economy, representing 99.7 percent of all employer firms and accounting for half of all private sector employees. They also produce 13 to 14 times more patents per employee than large patenting firms, and these patents are twice as likely as those from large firms to be among the 1 percent most cited. But small businesses put this success and innovation at risk if they do not properly manage their software assets. In 2007, approximately 20 percent of software installed on U.S. computers was unlicensed, resulting in more than $8 billion in losses.

To help American small businesses learn about the risks of unlicensed software, the **U.S. Small Business Administration (SBA)** and the **Business Software Alliance** are partnering for a multi-year education program, *Smart about Software: Software Strategies for Small Businesses*. The best practices outlined here, will help small businesses better understand the risks associated with using unlicensed software.

Establish a Responsible Software Policy
The first step to managing your software assets is to develop guidelines concerning the illegal copying and use of commercial software in your business. Formalizing a software policy statement helps guide software decisions, and also demonstrates to employees the importance of using only licensed software.

Communicate Software Policy to Internal Staff
Once you have established a software policy, be sure to educate employees about the policy. Distribute it to current and new employees. Also consider posting it on company bulletin boards, and making available on company computer networks. After your software policy is established, it is recommended that the policy be reviewed annually with employees.

Centralize the Compliance Process Accountability
It is recommended that an individual or team be assigned to manage the compliance process, including maintaining a central file of all original materials such as manuals, registration cards, license agreements, and receipts for each software purchase. Small businesses can additionally ensure that all software purchases be made through a designated company authority, and that software purchase requests be made in writing and approved by a manager.

Purchase From Authorized Dealers
To ensure that the software you are purchasing is legal, buy only from authorized dealers or through reputable application service providers (ASPs).

Audit Your Assets
Software is a valuable asset to your small business, and regular auditing is necessary to protect your business and ensure compliance. Audit office computers and laptops on a scheduled basis, maintaining a database of owned licenses and authorized users as well as deleting unlicensed software or obtaining any licenses needed for compliance. Consider conducting periodic spot checks to ensure compliance.

SBA and BSA offer free software audit tools at www.SmartAboutSoftware.org.

Enforcement
Because the stakes are so high for small businesses, it is important to ensure that the software policies in place are followed. Noncompliance puts your business at risk for legal action, fines of up to $150,000 per violation, and could open your network to viruses and security breeches.

To ensure accountability and understanding, all employees should receive and certify a corporate software policy statement. Employees found in violation of the policy may be subject to termination.

Keep Informed
Stay up-to-date on emerging software piracy trends to better understand how to protect your network security and business from software piracy threats. Visit www.bsa.org for the latest information about and tools for responsible software management.

Work With Software Associations
Software management is critically important for every small business, but it can sometimes be difficult to start a program for the first time. Software associations such as the Business Software Alliance (BSA) have the expertise to help you ensure software compliance. BSA offers software asset management tools and resources to help small businesses establish and enforce sound software management programs. Contact BSA at 1-888-NO PIRACY or www.bsa.org.

For other small business questions and information, contact the SBA Answer Desk at 1-800-827-5722 or www.sba.gov.